



Parkland Dedication and Payment-in-lieu of Parkland Analysis

Municipality of Lakeshore

December 12, 2023

Agenda



- Introductions
- Legislative Overview
- Parkland Policies
- Lakeshore's Current Policy & Practice
- Summary of the Analysis and Observations
- Preliminary Recommendations
- Next Steps
- Questions

Parkland Dedication Analysis



Purpose:

- Allows municipalities to ensure that their park systems grow in tandem along with their community, providing essential parkland for their residents.
- The dedication of parkland is a requirement under the Planning Act



Why Review Parkland Dedication Policies?



- In some municipalities, Finance departments do not have direct input into the creation of parkland dedication policies and/or the application of the policies
- Based on targets set out in the parks and recreation master plan or other documents, there may be a significant financial impact
- A Parkland Dedication By-law is required to utilize the alternative rates for dedications or payment-in-lieu (as required through Bill 197 and Bill 23)

Updates to Parkland Dedication Policies in the County



- In addition to Lakeshore, the following municipalities are updating their Parkland Dedication policies:
 - Essex
 - Tecumseh
 - LaSalle
 - Leamington
 - Kingsville
- Note: Amherstburg passed an updated parkland dedication by-law early 2023



Legislative Overview

Parkland Legislative Overview



- The Planning Act provides municipalities with the authority to impose conditions on development and redevelopment to receive parkland or payment-in-lieu of parkland.

S. 51.1

For subdivisions

- No by-law required (impose as condition)
- 5% for res and institutional and 2% commercial/ industrial
 - Dedication
 - PIL
- Alternative rate for residential
 - Dedication (1ha for 600* units)
 - PIL (1ha for 1,000* units)
- Timing of PIL – day before approval of draft plan

S. 42

For all development and redevelopment

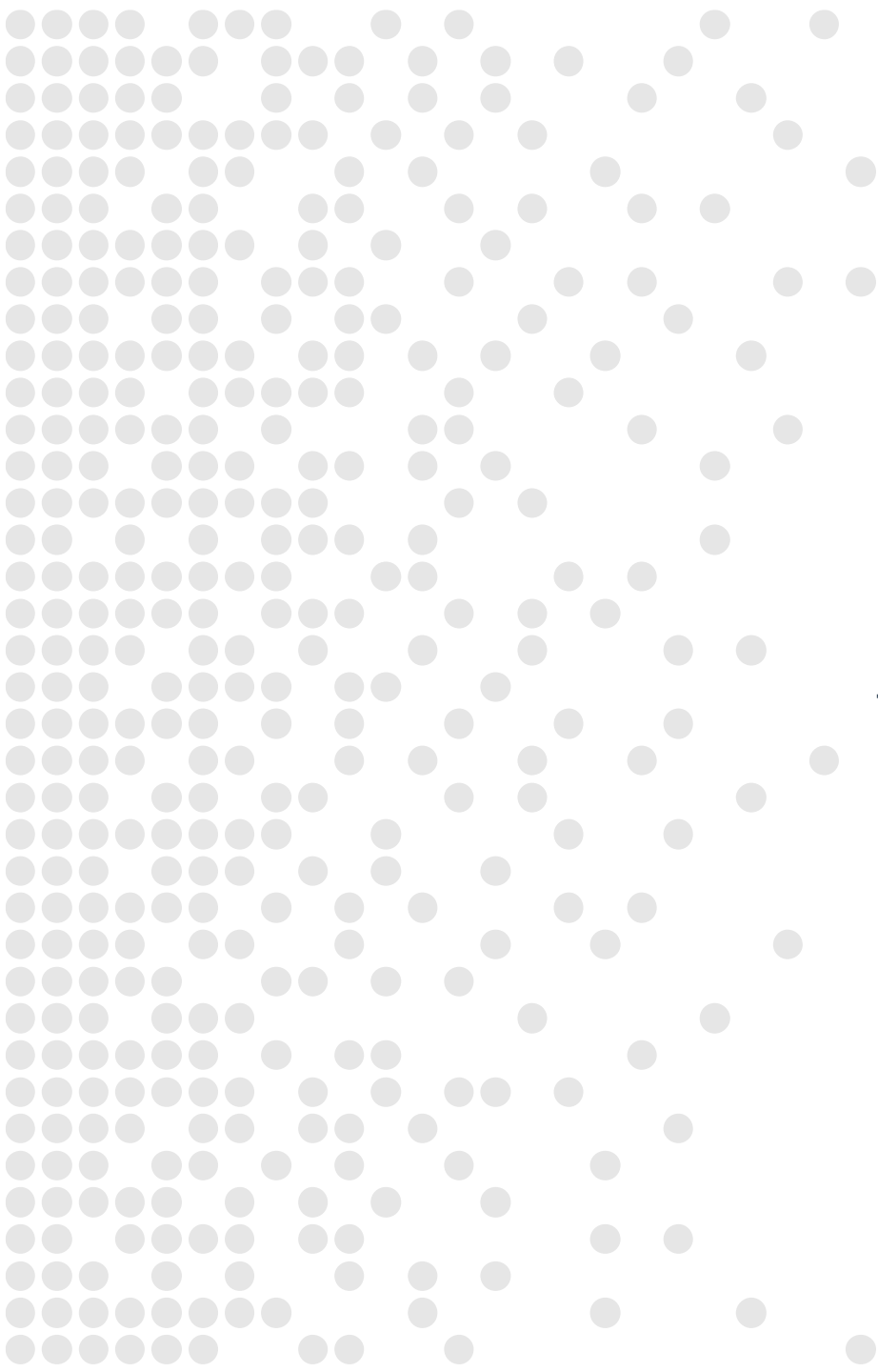
- by-law required
- 5% for res and institutional and 2% commercial/ industrial
 - Dedication
 - PIL
- Alternative rate for residential
 - Dedication (1ha for 600* units)
 - PIL (1ha for 1,000* units)
- Timing of PIL – day before building permit

***Revised as per Bill 23**



Parkland Impacts from Bill 23

- Rate Freeze applies similar to DCs (site plan and zoning by-law amendment)
- Exemptions for additional residential units (similar to DCs)
- Exemptions for Affordable, Attainable, and Inclusionary Zoning units (similar to DCs)
- Exemption for Non-profit Housing units (similar to DCs)
- Requirement to allocate 60% of the monies in a reserve fund at the beginning of the year (similar to DCs).
- Alternative Residential Dedication and PIL Rate cut in half, only calculated on incremental units, and capped
 - Dedication – 1ha for 300 dwelling units now 1ha for 600 net residential units
 - Payment-in-Lieu – Value of 1ha for 500 dwelling units now Value of 1ha for 1,000 net residential units
 - Capped at 10% for land 5ha or less and 15% for land greater than 5ha
- Parks Plan now required to pass a parkland dedication by-law
- Allows for encumbered lands to be included in land dedicated to the Municipality



Parkland Policy Discussion

Impacts of Bill 23



Parkland Impacts from Bill 23

Parks Plan

- Parks Plan now required to pass a parkland dedication by-law
 - Wording in Act states: “Before passing a by-law under this section, the local municipality shall prepare and make available to the public a parks plan that examines the need for parkland in the municipality”





Parkland Impacts from Bill 23

Rate Freeze

- For site plan and zoning by-law amendments only, Rate Freeze applies similar to DCs (i.e. rate frozen at time of submission of **complete** application)
- The value of land is still determined in accordance with the by-law. This means that if you use s. 42, the value would be the value of the proposed type of development the day before building permit issuance
- **Would recommend the requirement of the property appraisal to be deemed a complete application**



Parkland Impacts from Bill 23

Reduced Alternative Rate

- Alternative Residential Dedication and PIL Rate cut in half, only calculated on incremental units, and capped
 - Dedication – 1ha for 300 dwelling units now 1ha for 600 net residential units
 - Payment-in-Lieu – Value of 1ha for 500 dwelling units now Value of 1ha for 1,000 net residential units
 - Capped at 10% for land 5ha or less and 15% for land greater than 5ha

Dedication	
Assume 20ha Development	
5% =	1 ha
1ha for 600 units	600 units on a 20ha development area
=	30 units per hectare
OR	12 units per acre

Payment-in-lieu	
Assume 20ha Development	
5% =	1 ha
1ha for 1,000 units	1,000 units on a 20ha development area
=	50 units per hectare
OR	20 units per acre



Parkland Impacts from Bill 23

Reduced Alternative Rate – High Density

Example:

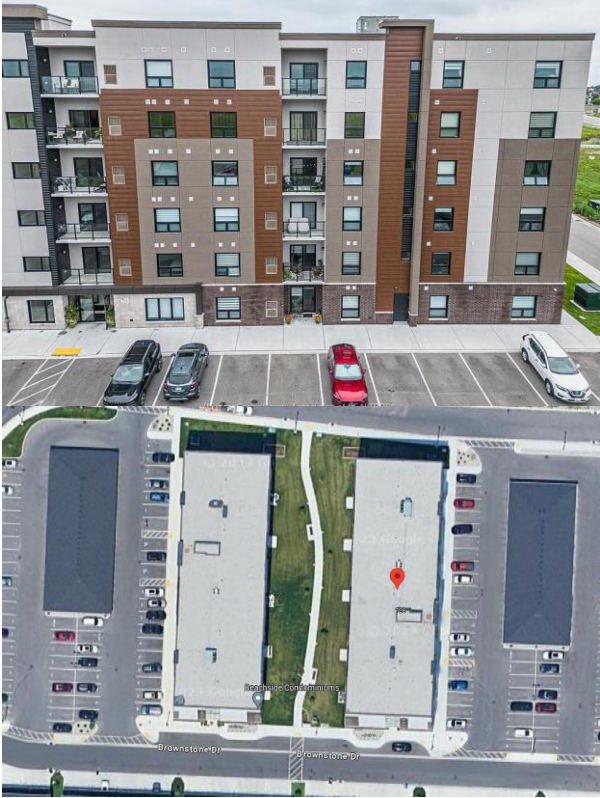
Land Area: 1ha
Units: 200 units
Density: 200 units/ha

Dedication at 1ha/1,000 = 0.2ha*	Dedication Capped at 10% = 0.1ha*
-------------------------------------------	--------------------------------------------



Loss of 50%

Increased density = increased losses due to cap



*Equivalent value



Parkland Impacts from Bill 23 Exemptions

- Additional residential units (similar to DCs)
 - 1% or one unit in existing rental residential buildings (4 or more rental units)
 - 2nd and 3rd additional dwelling unit in single, semi, or row house (can be two (2) in main house or one (1) in house and one in ancillary residential building)
- Non-profit Housing units (similar to DCs)
- Affordable, Attainable, and Affordable Inclusionary Zoning Units (similar to DCs)
 - Not yet in force
- Exclude exempt residential units to only capture New Residential Units:

$$\left(\frac{\text{Non-exempt residential units}}{\text{Total residential units}} \right) \times 5\%^* = \text{Applicable Parkland Dedication \%}$$

*Dedication rate

Parkland Impacts from Bill 23

Other



Administrative Impact

- Requirement to allocate 60% of the monies in a reserve fund at the beginning of the year
- This aligns with similar requirements for Development Charges and Community Benefit Charges
- Note: Section 42(15) of the Planning Act provides the applicable uses for parkland dedication funds:

“...shall be paid into a special account and spent only for the acquisition of land to be used for park or other public recreational purposes, including the erection, improvement or repair of buildings and the acquisition of machinery for park or other public recreational purposes”



Current Policies and Practice



Current Policies

Parkland Dedication

- The O.P. and the current Parkland Dedication By-law allow for the requirement of land to be dedicated (or Payment-in-Lieu) at:
 - 5% of land for residential developments
 - 2% for all other developments
- The Municipality is also able to utilize the alternative rate of 1 hectare of land for each **300** dwelling units at their discretion.

Note: As per Bill 23, this has changed to one (1) hectare for each 600 net residential units.



Current Practice

Parkland Dedication

- Rather than requiring land dedication, the Municipality generally receives payment-in-lieu for residential development and redevelopment.
- The payment-in-lieu is based on the current per lot fees of \$2,000 per urban lot for consents and 5% of the land value for subdivisions.
- Parkland dedications requirements for non-residential development have not been imposed historically.



Current Practice

Payment-in-Lieu of Parkland – Per lot fees

- As noted, the base provisions of the Planning Act allow for a dedication requirement of the value of 5% of the land. Based on the current per lot fees, the assumed land value would be as follows:

Area	Per Lot Fee	Equivalent Lot Value at 5%
Urban Lots	\$2,000	\$40,000

- Based on a review of vacant lands for sale in the Municipality and surrounding area, the value of land is significantly higher. This means the Municipality may consider increasing the per lot fee to closer align with the 5% provision in the Planning Act:

Estimated Lot Value	Minimum Provision in the Planning Act	Estimated Per Lot Fee at 5%
\$220,000	5%	\$11,000



Summary of the Analysis

Required Parkland by 2043



- The Municipality's Parks & Recreation Master Plan identified a recommended service level of **2.48 hectares of parkland per 1,000 residents.**
- Based on the anticipated population growth to 2040, the Municipality would not need to receive (or purchase) any additional parkland.

Parkland Requirement Calculations	Current Parkland Inventory	Hectares Required in 2040	Additional Parkland Needed
Projected Population		46,902	
Community and Neighbourhood Parks	144.96	132.73	-
Total Parkland Required (hectares)	144.96	132.73	0.00
Total Parkland Required (acres)	58.67	53.72	0.00



Summary of Analysis

Parkland Dedication

- Under the **current policy** (\$2,000 per lot) the Municipality could acquire 2.82 hectares of land.
- With the **5%/2% parkland dedication rate**, the Municipality would receive 13.67 hectares of land.
- With the **alternative residential rate**, the Municipality could acquire 9.34 hectares of land.

Summary	Current Policy (Per Lot Fee)	5% / 2%	Alternative Rate and 2%/5%
Residential Hectares	2.82	10.10	5.78
Non-Residential Hectares	-	3.57	3.57
Total Hectares Dedicated	2.82	13.67	9.37



Summary of Analysis

Payment-in-Lieu of Parkland

- Under the **current policy**, the Municipality would receive \$6.45 million.
- With the **5%/2% parkland dedication rate**, the Municipality would receive approximately \$24.86 million.
- With the **alternative residential rate**, the Municipality would receive approximately \$10.04 million.

Summary	Current Policy (Per Lot Fee)	5% / 2%	Alternative Rate and 2%/5%
Residential Recovery	\$6.45 M	\$23.13 M	\$8.31 M
Non-Residential Recovery	-	\$1.73 M	\$1.73 M
Total Payment-in-Lieu	\$6.45 M	\$24.86 M	\$10.04 M

Observations of the Analysis



- As a result of the analysis, the following observations are provided:
 - The current approach of utilizing a per lot fee for all residential developments and on fee for non-residential developments provides the least amount of parkland.
 - Use of a combination of the base provisions (5%/2%) and the alternative residential rate provides the most acceptance of land and/or payment-in-lieu of parkland.
 - The Municipality should seek to maximize recovery of parkland dedication and payment-in-lieu as payment-in-lieu of parkland fees are used for the rehabilitation of existing parks as well as purchasing new parkland. This will minimize future impacts on taxes.

Preliminary Recommendations



- As a result of the analysis, the following observations are provided:
 - Parkland Dedication:
 - Utilize the alternative rate for residential development (where the alternative rate provides for more dedication)
 - Consider including in the O.P., guidance on when to use the alternative rate (e.g., when density is greater than 20 units per hectare).
 - Impose the 5% dedication requirements on residential / institutional developments and 2% dedication requirements on commercial and industrial developments;
 - Payment-in-Lieu
 - Utilize per lot rates only for residential consents and severances
 - Council to consider increasing the per lot fee for all residential lots (with indexing) – subject to phasing

Next Steps



- Before passing a parkland dedication by-law, a municipality must prepare and make available to the public a Parks Plan which identifies the need for parkland in the municipality
- As many of the municipalities in the County are updating their policies, a joint engagement session is proposed with the Local School Boards and development community to present the analyses and proposed changes
- Included in the session will be a survey of current and proposed policies for all municipalities in the County. This is anticipated for Q1 of 2024.
- Subsequently, staff will bring back feedback from the engagement session and a recommended parkland dedication by-law for Council's consideration.

Questions?